H. B. 4638

(By Delegates Manypenny and Fleischauer)

[Introduced February 20, 2012; referred to the Committee on Health and Human Resources then Finance.]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §25-1-4a, relating to requiring hospitals and other medical service providers to bill Medicaid for eligible inmate hospital and professional services.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new section, designated §25-1-4a, to read as follows:

ARTICLE 1. ORGANIZATION, INSTITUTIONS AND CORRECTIONS MANAGEMENT.

§25-1-4a. Requiring medical service providers outside division facilities to bill Medicare.

(a) It is the intent of the Legislature to:

(1) Reduce the state's correctional health care costs by

requiring hospitals and other medical service providers to bill Medicaid for eligible inmate inpatient hospital and professional services;

(2) Implement improper payment detection, prevention and recovery solutions to reduce correctional health care costs by introducing prospective solutions to eliminate overpayments and retrospective solutions to recover those overpayments that have already occurred;

(3) Cap noncontract correctional health care reimbursement rates at one hundred and ten percent of Medicare; and

(4) Embrace technologies to better manage correctional health care expenses.

(b) As used in this section, "Medicare" means the social insurance program administered by the United States government, established under Title XVIII of the Social Security Act of 1965.

(c) Unless otherwise stated, this section specifically applies to correctional health care systems and services provided under this article.

(d) The division shall cap noncontract payments to correctional health care providers at one hundred and ten percent of the federal Medicare reimbursement rate.

(e) To the maximum extent practicable, all noncontract correctional health care claims shall be submitted to the division in an electronic format.

(f) Hospitals and other medical service providers shall bill Medicaid for all eligible inmate inpatient hospital and professional services.

(g) The division shall implement state-of-the-art clinical code editing technology solutions to further automate claims resolution and enhance cost containment through improved claim accuracy and appropriate code correction. The technology shall identify and prevent errors or potential overbilling based on widely accepted and referenceable protocols such as the American Medical Association and the Centers for Medicare and Medicaid Services. The edits shall be applied automatically before claims are adjudicated to speed processing and reduce the number of pending or rejected claims and help ensure a smoother, more consistent and more open adjudication process and fewer delays in provider reimbursement.

(h) The division shall implement state-of-the-art predictive modeling and analytics technologies to provide a more comprehensive and accurate view across all providers, beneficiaries and geographies within correctional health care programs in order to:

(1) Assure that hospitals and medical service providers bill Medicaid for all eligible inmate inpatient hospital and professional services;

(2) Identify and analyze those billing or utilization patterns that represent a high risk of inappropriate, inaccurate or

erroneous activity;

(3) Undertake and automate such analysis before payment is made to minimize disruptions to the workflow and speed claim resolution;

(4) Prioritize such identified transactions for additional review before payment is made based on likelihood of potential inappropriate, inaccurate or erroneous activity;

(5) Capture outcome information from adjudicated claims to allow for refinement and enhancement of the predictive analytics technologies based on historical data and algorithms within the system;

(6) Prevent the payment of claims for reimbursement that have been identified as potentially inappropriate, inaccurate or erroneous until the claims have been automatically verified as valid; and

(7) Audit and recover improper payments made to providers based upon inappropriate, inaccurate or erroneous billing or payment activity.

(i) The division shall implement correctional health care claims audit and recovery services to identify improper payments due to nonfraudulent issues, audit claims, obtain provider sign-off on the audit results and recover validated overpayments. Post payment reviews shall ensure that the diagnoses and procedure codes are accurate and valid based on supporting physician documentation

within the medical records. Core categories of reviews could include: Coding Compliance Diagnosis Related Group (DRG) Reviews, Transfers, Readmissions, Cost Outlier reviews, outpatient seventy-two hour rule reviews, payment errors, billing errors and others.

(j) To implement the inappropriate, inaccurate or erroneous detection, prevention and recovery solutions in this section, the state shall either sign an intergovernmental agreement with another state already receiving these services, contract with The Cooperative Purchasing Network (TCPN) to issue a request for proposals to select a contractor or use the following contractor selection process:

(1) Not later than December 31, 2012, the division shall issue a request for information to seek input from potential contractors on capabilities and cost structures associated with the scope of work of this section. The results of the request for information shall be used by the division to create a formal request for proposals to be issued within ninety days of the closing date of the request for information;

(2) No later than ninety days after the close of the request for information, the division shall issue a formal request for proposals to carry out this section during the first year of implementation. To the extent appropriate, the division may include subsequent implementation years and may issue additional requests for proposals with respect to subsequent implementation

years;

(3) The division shall select contractors to carry out this section using competitive procedures as provided in the state purchasing guidelines;

(4) The division shall enter into a contract under this section with an entity only if the entity:

(A) Can demonstrate appropriate technical, analytical and clinical knowledge and experience to carry out the functions included in this section; or

(B) Has a contract, or will enter into a contract, with another entity that meets the above criteria.

(5) The division shall only enter into a contract under this section with an entity to the extent the entity complies with conflict of interest standards in the state purchasing guidelines.

(k) The division shall provide entities with a contract under this section with appropriate access to claims and other data necessary for the entity to carry out the functions included in this section. This includes, but is not limited to, providing current and historical correctional health care claims and provider database information; and taking necessary regulatory action to facilitate appropriate public-private date sharing, including across multiple correctional managed care entities.

(l) The following reports shall be completed by the division:

(1) Not later than three months after the completion of the

first implementation year under this section, the division shall submit to the appropriate committees of the Legislature and make available to the public a report that includes the following:

(A) A description of the implementation and use of technologies included in this section during the year;

(B) A certification by the Division of Justice and Community Services that specifies the actual and projected savings to state correctional health care programs as a result of the use of these technologies, including estimates of the amounts of such savings with respect to both improper payments recovered and improper payments avoided;

(C) The actual and projected savings in correctional health care services as a result of such use of technologies relative to the return on investment for the use of such technologies and in comparison to other strategies or technologies used to prevent and detect inappropriate inaccurate or erroneous activity;

(D) Any modifications or refinements that should be made to increase the amount of actual or projected savings or mitigate any adverse impact on correctional health care beneficiaries or providers;

(E) An analysis of the extent to which the use of these technologies successfully prevented and detected inappropriate, inaccurate or erroneous activity in correctional health care programs;

(F) A review of whether the technologies affected access to, or the quality of, items and services furnished to correctional health care beneficiaries; and

(G) A review of what effect, if any, the use of these technologies had on correctional health care providers, including assessment of provider education efforts and documentation of processes for providers to review and correct problems that are identified.

(2) Not later than three months after the completion of the second implementation year under this section, the division shall submit to the appropriate committees of the Legislature and make available to the public a report that includes, with respect to such year, the items required under subdivision (1) as well as any other additional items determined appropriate with respect to the report for such year.

(3) Not later than three months after the completion of the third implementation year under this section, the division shall submit to the appropriate committees of the Legislature, and make available to the public, a report that includes with respect to such year, the items required under subdivision (1), as well as any other additional items determined appropriate with respect to the report for such year.

(m) It is the intent of the Legislature that the savings achieved through this section shall more than cover the costs of

implementation. Therefore, to the extent possible, technology services used in carrying out this section shall be secured using a shared savings model, whereby the state's only direct cost will be a percentage of actual savings achieved. Further, to enable this model, a percentage of achieved savings may be used to fund expenditures under this section.

(n) If any section, paragraph, sentence, clause, phrase or any part of the section passed is declared invalid, the remaining sections, paragraphs, sentences, clauses, phrases, or parts thereof shall be in no manner affected and shall remain in full force and effect.

NOTE: The purpose of this bill is to require hospitals and other medical service providers to bill Medicaid for eligible inmate inpatient hospital and professional services.

This section is new; therefore, it has been completely underscored.